UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
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THE HOG SITUATION

Summary

Slaughter supplies of hogs in the first 6 months of the present hog marketing year (October 1937-March 1938) probably will be smaller than those of a year earlier, the Bureau of Agricultural Economics reports. Demand for hog products for storage, and consumer demand for meats in this period, however, are expected to be somewhat weaker than they were in the fall and winter of 1936-37. Hence hog prices in the fall and winter months of the 1937-38 marketing year probably will average little, if any, higher than those of the corresponding period of 1936-37.

The seasonal decline in hog prices now under way probably will continue through the fall months. Hogs will be fed to heavier weights this marketing year than last because of the more plentiful feed grain supplies, and marketings of the greater part of 1937 spring pigs are expected to occur somewhat later than usual.

For 1937-38 as a whole (October 1937-September 1938) the number of hogs slaughtered under Federal inspection is expected to be somewhat smaller than in 1936-37, when the total was 34.1 million head. The total live weight of hogs slaughtered, however, probably will be about the same as a year earlier because of the increase expected in average weights of hogs marketed.

With a hog-corn price ratio now above average, the number of pigs raised in 1938 will be considerably larger than in 1937. This increase in the pig crop of 1938, however, will not be reflected in increased hog slaughter until late 1938 or 1939.

REVIEW OF RECENT DEVELOPMENTS

BACKGROUND - In the marketing year from October 1936 to September 1937 hog prices advanced from late November to early January, remained fairly steady from February to early April, but advanced in May and again in July and early August. In mid-August hog prices reached the highest level since 1926, but such prices declined somewhat in late August and September. Although hog prices were relatively high in 1936-37, corn prices were relatively higher; and the hog-corn price ratio was generally unfavorable to increased hog production. The 1937 spring pig crop was 7 percent smaller than that of 1936, chiefly because of the short supplies and high prices of feed grains.

Prices decline further in September and early October

Hog prices, after reaching the highest level since 1926 in mid-August when slaughter supplies were unusually small, declined sharply in late August and early September. Some recovery in prices was made in the second and third weeks of September, but another sharp decline occurred in early October. Hog prices at Chicago averaged $11.37 per 100 pounds in September, which was 40 cents below the August average but was nearly $1.50 higher than the September average a year earlier. The decline in prices since mid-August was largely a result of a rather marked increase in market supplies of hogs and a continued large out-of-storage movement of pork and lard.

Inspected hog slaughter in September, totaling 2,033,000 head, was 28 percent larger than the very small slaughter in August, but was about 15 percent smaller than that of a year earlier. The larger hog slaughter in September than in August probably was due partly to marketings of hogs finished on new crop feeds that normally would have been marketed earlier in the summer, and to fairly large supplies of spring farrowed pigs. With feeding of new crop corn and small grains in many sections, hogs marketed in late September and early October showed considerable improvement in finish compared with those marketed in the summer months.

Slaughter supplies in 1936-37 larger than in 1935-36

Inspected hog slaughter in the 1936-37 hog marketing year ended September 30 totaled 34,142,000 head compared with 31,022,000 head in the previous year and 30,680,000 head 2 years earlier. Hog slaughter in 1936-37, however, was still much smaller than slaughter in the post-war years prior to the 1934 drought. The average yearly hog slaughter under Federal inspection for the 5 years from 1928-29 to 1932-33 totaled 46,363,000 head.

Average live weights of hogs slaughtered in 1936-37 were considerably lighter than those of a year earlier when feed grain supplies were more plentiful, and were also much lighter than average. Because of the increase in numbers, the total live weight of hogs slaughtered under Federal inspection was somewhat larger than that of a year earlier, and was considerably larger than that of 2 year earlier, but was still much below average.

Heavy out-of-storage movement of pork and lard continued

The heavy out-of-storage movement of pork and lard which has been under way since early summer continued in September. On October 1 storage holdings of pork were 23 percent smaller than on September 1, and, with the exception of 1935, were the smallest for October 1 on record. Storage holdings of lard on October 1 were 39 percent smaller than a month earlier. The decrease in lard stocks during September was somewhat greater than average.

Storage holdings of pork and lard on October 1, average 1930-34, annual 1935-37, and September 1, 1937

Item	Oct. 1 average 1930-34	Oct. 1, 1935	Oct. 1, 1936	Sept. 1, 1937	Oct. 1, 1937 1/
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
Pork:					
Frozen	102,239	51,013	76,590	91,024	55,125
Dry salt, cured and in process of cure	92,764	41,042	65,484	64,673	47,256
Pickled, cured and in process of cure	320,042	185,550	219,534	211,898	180,906
Total	515,045	277,605	361,608	367,595	283,287
Lard	103,960	45,350	101,796	118,094	72,535

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Wholesale prices of hog products slightly lower in September

Wholesale prices of most hog products averaged slightly lower in September than in August, but such prices were still considerably higher than those of a year earlier. The composite wholesale price of hog products at New York averaged $23.89 per 100 pounds in September. This price was 6 cents lower than that of a month earlier, but was $1.71 higher than that of a year earlier. Wholesale prices of fresh pork at Chicago averaged lower in September than in August, but wholesale prices of most cuts of cured pork and of lard in September averaged about the same as or slightly higher than a month earlier. Wholesale prices of fresh pork advanced sharply in the first half of September after declining in late August, but by the end of September most of the gain in such prices was lost.

Exports of hog products reduced slightly in August

Exports of lard in August, totaling 7.2 million pounds, were somewhat smaller than in July when 7.8 million pounds were exported, but were 1.1 million pounds, or about 18 percent, larger than exports of lard in August 1936. Total lard exports in the first 11 months of the 1936-37 hog marketing year amounted to 96 million pounds, which was about 3 million pounds larger than exports in the corresponding period a year earlier but was considerably smaller than in other recent years. Exports of lard to the United Kingdom and Germany in the first 11 months of 1936-37 were the smallest in many years. Exports of lard to Cuba in this period, however, were the largest in any year since 1930-31.

Exports of pork in August totaled 4.6 million pounds compared with 5.4 million pounds a month earlier and 6.1 million pounds a year earlier. In the first 11 months of 1936-37 pork exports, totaling 55 million pounds, were somewhat smaller than those of a year earlier and were considerably smaller than the average for earlier years. The decrease in exports of pork and lard since 1934 has been the result chiefly of the marked reduction in hog slaughter supplies and of the relatively high level of prices for hogs and hog products in this country.

Imports of pork also reduced in August

Imports of pork totaled about 7 million pounds in August compared with 8 million pounds a month earlier and 4 million pounds a year earlier. In the first 11 months of the 1936-37 hog marketing year imports of pork, totaling 66 million pounds, exceeded exports by about 11 million pounds. Although pork imports were larger than in 1935-36, the increase was from a very low level. Total imports of pork are still very small in relation to domestic production, the imports of pork and live hogs combined in the first 11 months of 1936-37 amounting to about 2 percent of inspected hog slaughter in the same period.

OUTLOOK

BACKGROUND.- In recent issues of this report the following prospects for hog slaughter supplies and prices in 1937-38 were indicated:

(1) The number of hogs to be marketed from October 1937 through April 1938 will be somewhat smaller than in the same period of 1936-37.

(2) Average weights of hogs marketed in 1937-38 are expected to be heavier than in 1936-37, and perhaps will be heavier than average.

(3) The seasonal distribution of hog marketings in 1937-38 probably will be much different from that of 1936-37. Slaughter from October through December 1937 will comprise a relatively small proportion of the yearly total and also of the total for the first half of the year. Slaughter from January through March 1938 is likely to be somewhat larger than in the preceding 3 months.

(4) Hog prices in the fall and winter months of 1937-38 probably will average as high as in the same period of 1936-37; but with delayed marketings of 1937 spring pigs, a smaller than average seasonal advance in hog prices is to be expected after January 1938.

Further seasonal decline in hog prices expected

The seasonal decline in hog prices which is now under way is expected to continue throughout the fall months as marketings of spring pigs increase. Although hog slaughter in the first half of the 1937-38 marketing year probably will be somewhat smaller than in the corresponding period a year earlier, hog prices this fall and winter are likely to average no higher than those of a year earlier. The demand for hog products for storage in the next few months probably will not be so favorable as it was a year earlier, when a sharp reduction in slaughter supplies was indicated for the spring and summer months. Consumer demand for hog products in the next 6 months, moreover, may be somewhat weaker than that of a year earlier if recent declines in business activity are continued.

Supplies to continue below 1936-37 in next 6 months

Present indications are that the combined spring and fall pig crop of 1937 will be smaller than that of 1936, when the number of pigs saved amounted to about 65,651,000 head. As a result, the number of hogs that will be marketed in the 1937-38 hog marketing year (October-September) probably will be somewhat smaller than in 1936-37, when inspected hog slaughter totaled 34,142,000 head. Inspected hog slaughter in 1937-38, however, is likely to be larger than that of 1934-35 and 1935-36. In each of these years inspected hog slaughter amounted to about 31 million head.

With much larger supplies of feed grains this year than last, and the hog-corn price ratio considerably above average, average weights of hogs slaughtered in 1937-38 will be heavier than those of 1936-37. The increase in average weights probably will about offset the reduction in numbers slaughtered. Hence, the total live weight of hogs slaughtered under Federal inspection in 1937-38 may be about the same as in 1936-37.

The feeding of hogs to heavier weights, however, will result in a considerable change in the seasonal distribution of marketings. Market supplies in the first 6 months of 1937-38 (October-March) probably will represent a smaller than usual proportion of the total for the marketing year, and hog marketings in this period are likely to be considerably smaller than in the same period a year earlier. Marketings in the second half of 1937-38 (April-September), on the other hand, may be somewhat larger than in the corresponding period a year earlier. The number of pigs raised in 1938 will be considerably larger than in 1937, but this increase will not be reflected in larger slaughter supplies of hogs until late 1938 and 1939.

Supplies of hogs and hog products, specified periods

Item	Unit	Aug. 1936	July 1937	Aug. 1937	Oct. - Sept. Average 1928-29 to 1932-33	Oct. - Sept. 1934-35	Oct. - Sept. 1935-36	Oct. - Aug. 1935-36	Oct. - Aug. 1936-37
Inspected slaughter 1/	thousands	2,254	1,643	1,590	46,363	30,680	31,022	28,619	32,110
Live weight:									
Average	pound	241	246	238	231	220	232	232	220
Total	mil.lb.	543	403	378	10,723	6,742	7,191	6,654	7,065
Dressed weight:									
Average	pound	179	181	173	175	164	175	175	164
Total	mil.lb.	403	297	275	8,069	5,012	5,402	5,006	5,245
Yield of lard per 100 pounds live weight of hogs	pound	11.9	10.4	9.4	15.2	11.6	12.1	12.2	11.0
Production of lard	mil.lb.	64	42	35	1,630	790	870	810	790
Apparent consumption:									
Pork, incl. lard	mil.lb.	422	429	404	7,171	5,102	5,124	4,668	5,134
Lard	" "	65	62	66	961	730	712	652	677
Exports 2/:									
Pork	" "	6	5	5	211	104	69	65	5[illegible]
Lard	" "	6	8	7	657	142	101	93	9[illegible]
Imports of pork 2/	" "	4	8	7	6	7	32	29	6[illegible]
Proportion of sows in inspected slaughter 3/	percent	67.0	61.0	58.1	51.2	51.3	52.0	51.3	50.[illegible]

1/ Bureau of Animal Industry.
2/ United States Department of Commerce. Pork includes bacon, hams and shoulders, and fresh, canned and pickled pork. Lard includes neutral lard.
3/ Includes gilts.

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Prices of hogs and hog products, specified periods

Item	Unit	Sept. 1936	Aug. 1937	Sept. 1937	Oct. - Sept. Average: 1928-29 to 1932-33	Oct. - Sept. 1934-35	Oct. - Sept. 1935-36	Oct. - Sept. 1936-37
Average price:	dolls.per							
Seven markets	100 lb.	9.66	11.53	11.10	1/	8.18	9.64	10.28
Chicago	" "	9.89	11.77	11.37	6.99	8.42	9.90	10.49
U. S. average price received by farmers	" "	9.68	11.46	10.55	6.48	7.54	9.15	9.66
Prices of hog products: Chicago:								
Loins, 8-10 lb.	" "	24.06	29.00	26.56	17.07	20.08	21.21	22.29
Hams, smoked reg. No.1, 10-12 lb.	" "	25.68	28.00	27.75	20.31	21.62	26.58	24.65
Bacon, smoked, No.1 dry cure, 6-8 lb.	" "	28.72	32.62	33.95	23.71	28.24	30.86	28.58
Lard, refined, H. W. tubs	" "	12.48	13.00	13.05	9.68	14.29	12.65	13.13
Composite wholesale price of hog products: New York	" "	22.18	23.95	23.89	17.36	20.49	21.93	21.40
Average price of No.3 Yellow corn, Chicago	Cents per lb.	112	104	106	62	86	74	115
Hog-corn price ratio 2/ Chicago	bushel	8.8	11.3	10.7	11.6	9.9	14.1	9.2
North Central States	"	9.5	11.9	12.3	12.9	10.0	15.8	9.5
Proportion of packing sows in total packer and shipper purchases: seven markets 3/	percent	28.0	36.0	29.0	1/	1/	16.0	15.0
Average weight at seven markets	pound	232	256	248	1/	229	241	231

1/ Not available.
2/ Number of bushels of corn equivalent in value to 100 pounds of live hogs.
3/ Monthly figures computed from weekly average.